

0510.04 Pharmaceuticals

Issued March 21, 1997

SUBJECT: Pharmaceuticals

APPLICATION: Executive Branch Departments and Sub-units

PURPOSE: To prescribe procedures for State agencies procuring pharmaceuticals

CONTACT AGENCY: Department of Management and Budget (DMB) - Office of Purchasing (OOP)

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SUMMARY: A pharmaceutical distributor warehouses and distributes contracted pharmaceuticals to authorized agencies. The contract with the distributor, and the contracts with manufacturers for the actual pharmaceuticals, are through the Minnesota Multistate Alliance for Pharmaceuticals of which Michigan is a member. All drugs and related pharmaceutical items are to be ordered from the distributor by authorized agencies.

A catalog listing all items available from the distributor is distributed periodically to all authorized agencies.

An authorized agency is a state agency, local unit of government, college or university approved by the OOP which has an on-site licensed pharmacist, a Drug Enforcement Agency (DEA) number, and orders an average of \$10,000 or more per month.

APPLICABLE FORMS: If entered into ADPICS, create a document -DMB-287 Purchase Order
DMB-286 Advice of Change

PROCEDURES:

Preparing orders for the distributor:

- All items available from the distributor are found in their catalog. If an item is on the Minnesota contract, but not available from the distributor, the agency must request that the distributor stock the item.
- Orders for pharmaceuticals are transmitted electronically directly to the distributor using the distributor's electronic ordering device/system.
- The distributor will fax a confirmation of the order if requested by the agency.
- Pharmaceutical purchases must be entered in ADPICS to capture related accounting transaction information. Detailed purchase information at the individual item level will not be required as usage information will be provided by the distributor. Summarized purchase information must be entered for each order placed with the distributor.
- State agencies then enter a Direct Purchase Order (PCHL 2360) with a purchasing type "BP" against the existing Blanket Purchase Order in ADPICS to record and process the purchase.

- Enter summarized order information in ADPICS. On the Director Purchase Order Detail Entry screen (PCHL 2365), enter the following:

COMMODITY # 270 (Drugs)

QUANTITY 1

PURCHASE U/M (Lot)

UNIT COST Total amount of order placed with vendor

The three digit commodity code "270" has not been suspended. A copy of the faxed confirmation from the distributor should be attached to all copies of the Purchase Order.

Receiving orders from the pharmaceutical distributor:

- Discrepancies in orders must be noted and reported to the distributor.
- The distributor does not maintain a back-order system. Items which are unavailable should be reordered on the agency's next order.

Billing/Payment:

- The distributor bills agencies at the State's contract price, plus the established service charge as indicated in the Minnesota Multistate Contract.
- Agencies issue payments to the distributor through MAIN.

Service Returns:

- The distributor is responsible for processing returns, for credit, of pharmaceutical items which have been delivered by the distributor.
- To request a return of merchandise, an agency should contact the distributor. The distributor shall pick up merchandise designated to be returned, leave a receipt for it and credit the agency's account.

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